

February 18, 2016

Senator Kathy Campbell
District #25 State Capitol
PO Box 94604
Lincoln, NE 68509-4604

RE: LB 782

Dear Senator Campbell and Members of the Health and Human Services Committee:

LB 782, introduced by Senator Schumacher requires the Department of Health and Human Services (DHHS) to submit a Medicaid state plan amendment to cover family planning services for persons at or below 185% of the federal poverty level (FPL). DHHS is deeply concerned regarding the assumptions that were used by the Legislative Fiscal office (LFO) to calculate the fiscal note for this bill.

As explained in the fiscal note submitted by the Department, DHHS estimates that this bill would lead to an additional 17,989 Medicaid enrollees under this new family planning category at a total cost of \$1.6 million for state fiscal year 2016-2017 and \$2.6 million for state fiscal year 2017-2018. To process applications for this new eligibility group, DHHS will have to hire nine (9) additional staff members at a cost of \$655,003 annually. Additional one-time administrative costs will be \$101,420 for state fiscal year 2016-2017. As the Department's fiscal note explains, there might be some savings to the Medicaid program by providing this coverage, but these savings cannot be accurately determined at this time. The savings reflected by the legislative fiscal office cites studies of family planning waivers over ten years old, and it does not reflect the state plan services that would be provided under this bill. DHHS feels it would be unwise to reduce the Medicaid base budget in FY 2018 by \$3.5 million in general funds as suggested by the official fiscal note. These savings are speculative at best and were calculated using outdated studies.

The Department would also like to inform the Committee that federal law would require that we provide coverage for these services to individuals up to 185% of FPL given our current eligibility standards for pregnant women. However, individuals above 100% FPL today have access to these services today. Under the provisions of ACA, individuals from 100% FPL to 400% FPL are eligible for subsidized coverage through the federal health insurance marketplace. All health insurance plans under the ACA must cover all eighteen contraceptive methods approved by the U.S. Food and Drug Administration (FDA), counseling on sexually-transmitted infections, and screening for breast and cervical cancers.

Thank you for the opportunity to share this information with the Committee.

Sincerely,

Calder Lynch, Director
Division of Medicaid and Long-Term Care
Department of Health and Human Services

CC: Sen. Paul Schumacher